

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07

L-03 NSAE-00 PA-01 PRS-01 SP-02 SS-15 COME-00

EB-08 LAB-04 SIL-01 A-01 AID-05 DHA-05 OPR-02

OMB-01 MCT-01 CA-01 SCS-03 SY-05 USSS-00 FBO-02

NSCE-00 SSO-00 USIE-00 INRE-00 /089 W

-----023045 040057Z /70

O 032251Z NOV 77 ZFF4

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC NIACT IMMEDIATE 3040

C O N F I D E N T I A L SECTION 1 OF 2 BUENOS AIRES 8276

E.O. 11652: GDS

TAGS: ELAB, SHUN, PINS, ASEC

SUBJECT: STRIKE ACTIONS SPREADING IN ARGENTINA

REF: BUENOS AIRES 8159

1. THE GOVERNMENT MOVED NOVEMBER 1 IN AN ATTEMPT TO HEAD OFF A WAVE OF SERIOUS LABOR DISCONTENT BY DECREEEING THAT ITS POLICY OF 40 PERCENT "WAGE FLEXIBILITY" GRANTED TO THE PRIVATE SECTOR OCTOBER 1 (SEE BUENOS AIRES 7389) WAS NOW APPLICABLE TO STATE ENTERPRISES. IT WAS ALSO ANNOUNCED THAT NEW WAGE SCALES FOR CIVIL SERVANTS WOULD BE APPLICABLE EFFECTIVE JANUARY 1, 1978 (PRESUMABLY ON TOP OF A 015 PERCENT WAGE HIKE WHICH THE GOVERNMENT EARLIER HAD DECIDED WOULD GO INTO EFFECT NOVEBER 1). AT THE SAME TIME, THE SOCIAL WELFARE MINISTRY ANNOUNCED A 3,000-PESO (\$6) INCREASE IN FAMILY ALLOWANCES FOR CHILD MAINTENANCE WHICH WOULD BENEFIT ALL PUBLIC AND PRIVATE WORKERS AND PENSIONERS AS OF NOVEMBER 1.

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2. SIMULTANEOUSLY WITH THESE GOVERNMENT ANNOUNCEMENTS, THE STATE ENTERPRISES WITH THE MOST PRESSING LABOR PROBLEMS ANNOUNCED TO THEIR WORKERS NEW WAGE DECISIONS WHICH THEY HURRIEDLY ARRIVED AT UNDER THE GOVERNMENT'S FLEXIBILITY GUIDE LINES. WITH RESPECT TO THE TWO SECTORS IN WHICH THE CURRENT STRIKE WAVE BEGAN, THE NATIONAL

RAILWAY ENTERPRISE ANNOUNCED INCREASES FOR ITS WORKERS AVERAGING 34 PERCENT--WITH THE LOWEST PAID RECEIVING UP TO A 43 PERCENT RAISE-- AND THE BUENOS AIRES SUBWAY SYSTEM REPORTEDLY ANNOUNCED WAGE HIKE ON THE ORDER OF 43 PERCENT.

3. DESPITE THESE CONCESSIONS, COMMUNIQUE ANNOUNCING THAT THE MILITARY WOULD GUARANTEE NORMAL SUBWAY TRAFFIC AND GOVERNMENT THREATS GENERALLY TO APPLY PUNITIVE ANTI-STRIKE LEGISLATION AUTHORIZING THE FIRING AND JAILING OF STRIKERS, THE INITIAL RESPONSE OF THE SUBWAY AND RAILWAY WORKERS HAS BEEN THAT THE WAGE INCREASES ARE TOO LITTLE, TOO LATE. (DEMANDS FOR 100 PERCENT HIKE OR A 100,000-PESO MONTHLY WAGE (\$200) ARE THE FIGURES WE MOST COMMONLY HEAR IN LABOR CIRCLES.) EXCEPT FOR A FEW HOURS, SUBWAY LINES HAVE EITHER BEEN CLOSED DOWN OR HAVE BEEN OPERATING ON A LIMITED BASIS SINCE YESTERDAY MORNING. THE WORKERS ON MOST OF THE RAILWAY LINES WHICH COME INTO BUENOS AIRES TERMINALS WENT OUT AGAIN ON STRIKE LAST NIGHT (NOV. 2). ACCORDING TO ONE REPORT, THE SUBWAY WORKERS MAY HAVE RESUMED THEIR STRIKE IN PROTEST OVER THE "DISAPPEARANCE" (I.E. DETENTION) OF THEIR STRIKE LEADERS. BUS, TAXI AND AIRLINE SERVICE IS REPORTED NEAR NORMAL BUT THERE IS DISCONTENT AMONG WORKERS IN THESE SECTORS AS WELL. WHILE IT WOULD BE DIFFICULT TO PULL OFF, THERE ARE RUMORS THAT A TOTAL URBAN TRANSPORT STRIKE MAY BE BREWING FOR THE CITY OF BUENOS AIRES.

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4. WHAT'S MORE, STRIKES OR WORK STOPPAGES HAVE BEEN SPROUTING OUT IN OTHER STATE CORPORATIONS IN BUENOS AIRES AND OTHER CITIES, PARTICULARLY IN THE ROSARIO AREA AND OTHER PARTS OF SANTA FE PROVINCE. THERE IS A CLAMOR FOR WAGE INCREASES IN PRACTICALLY ALL THE STATE ENTERPRISES AND THE IMPLICATION IS THAT THERE WILL BE GROWING STRIKE ACTIONS IN THE PUBLIC SECTOR UNLESS THESE WAGE DEMANDS ARE SATISFIED RAPIDLY. SOME SOURCES ARE SAYING THAT THE 72-HOUR WALKOUT OF LIGHT AND POWER WORKERS IN ROSARIO WAS PARTICULARLY OMINOUS BECAUSE FOR THE FIRST TIME IN MANY YEARS THE "GUARDIAS" WHO NORMALLY KEEP THE TURBINES OPERATING EVEN DURING STRIKE PERIODS PARTICIPATED IN THE WALKOUT THIS TIME. THE COMMERCIAL WORKERS (I.E. PRIVATE SECTOR) REPORTEDLY HAVE ALSO JOINED THE BANDWAGON AND ARE PRESSING FOR WAGE INCREASES BACKED UP BY THE IMPLIED THREAT OF POSSIBLE STRIKE ACTION.

WE UNDERSTAND THAT THERE IS A TACIT AGREEMENT AMONG THE "COMMITTEE-25"-- THE GROUP OF TOP LABOR LEADERS WHO PRETEND TO SPEAK FOR THE LABOR MOVEMENT AS A WHOLE UNDER THE PRESENT CIRCUMSTANCES IN WHICH THERE IS NO WORKERS' CGT IN OPERATION--THAT THERE SHOULD BE A 2-HOUR GENERAL

WORK STOPPAGE IN PROTEST OVER THE GOA'S ECONOMIC POLICIES  
UNLESS THERE IS SUBSTANTIAL WAGE RELIEF.

5. ALREADY AS OF THIS POINT THE CURRENT CONFLICT RAPIDLY  
HAS BECOME THE MOST SERIOUS LABOR TROUBLE WHICH THIS  
GOVERNMENT HAS HAD TO FACE SINCE TAKING POWER 19 MONTHS  
AGO. UNION LEADERS ASSERT THAT THE CONFLICT BEGAN  
SPONTANEOUSLY BUT POINT OUT THAT THEY HAVE BEEN WARNING  
GOVERNMENT OFFICIALS ALL ALONG THAT WORKER DISCONTENT OVER  
WAGES HAD BEEN BUILDING UP OVER THE PAST YEAR. NOTWITH-  
STANDING WHATEVER THE STATISTICS MAY SHOW,  
WORKER LEADERS AND MOST POLITICIANS HAVE WORKED THEMSELVES  
INTO A STATE OF BELIEF THAT MARTINEZ DE HOZ' ECONOMIC  
POLICIES HAVE REACHED A DEAD END AND THE A FINANCIAL  
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CRISIS AND NEW INDUSTRIAL RECESSION ARE JUST AROUND THE  
CORNER. OTHER FACTORS WHICH MAY HAVE ENTERED INTO THE  
PARTICULAR TIMING OF THIS CONFLICT IS LABOR'S FEELING  
THAT THE GOVERNMENT'S FIGHT AGAINST TERRORISM IS  
RAPIDLY REACHING A CONCLUSION AND THAT THERE MAY BE  
SIGNIFICANT POLITICAL DECISIONS EARLY NEXT YEAR. THE  
POWER STRUGGLE WITHIN THE JUNTA MAY ALSO HAVE ENCOURAGED  
THE WORKERS AND THEIR LEADERS TO STIR UP TROUBLE NOW.  
LABOR MINISTER LIENDO AND ADMIRAL MASSERA HAVE BEEN  
INCREASINGLY CRITICAL OF MARTINEZ DE HOZ' WAGE POLICIES  
IN RECENT WEEKS, ALTHOUGH IT IS DIFFICULT TO CALCULATE  
TO WHAT DEGREE THIS HAS BEEN A CONTRIBUTING FACTOR.

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ACTION ARA-14

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FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC NIACT IMMEDIATE 3041

C O N F I D E N T I A L SECTION 2 OF 2 BUENOS AIRES 8276

E.O. 11652: GDS

TAGS: ELAB, SHUN, PINS, ASEC

6. THE STRIKE ACTION UNDOUBTEDLY WILL CREATE NEW PRESSURES WITHIN THE MILITARY GOVERNMENT. AT THE VERY LEAST, THERE WILL BE AN ATTEMPT ONCE AGAIN FOR SOME SECTORS OF THE MILITARY TO CALL INTO QUESTION MARTINEZ DE HOZ' ECONOMIC POLICIES AND POSSIBLY EVEN CALL FOR THE ECONOMY MINISTER'S OUSTER. ULTIMATELY, VIDELA'S OWN POSITION MAY BE WEAKENED. ALREADY, THERE ARE REPORTS OF DISGRUNTLEMENT AMONG SOME GENERALS THAT VIDELA SHOULD HAVE SEEN THIS LABOR TROUBLE COMING AND TAKEN PREVENTIVE ACTION OF ONE KIND OR OTHER TO HEAD IT OFF. INSTEAD OF ROWING TOGETHER, THERE IS ALWAYS THE DANGER WITH THIS GOVERNMENT, GIVEN ITS INTERNAL PROBLEMS, THAT VIDELA'S ADVERSARIES IN THE ARMED FORCES (READ MASSERA AND HARDLINE GENERALS) MAY ATTEMPT TO USE THE SITUATION TO WEAKEN HIM FURTHER. (IN THIS CONNECTION, THERE ARE RUMORS BEING SPREAD IN POLITICAL CIRCLES THAT THE RECENT BOMBING OF THE LABOR MINISTER'S OFFICE AND THE ASSASSINATION OF A PRESIDENTIAL ADVISOR MAY HAVE BEEN THE WORK OF ANTI-VIDELA ELEMENTS WITHIN THE MILITARY, RATHER THAN A MONTONERO OPERATION AS ORIGINALLY CONFIDENTIAL

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BELIEVED). IN THE PRESENT CIRCUMSTANCES ALSO, THERE IS ALWAYS THE DANGER OF AN ACCIDENT OR MISCALCULATION IN WHICH THE DETENTION OR ROUGHING UP OF A WORKER LEADER (AS REPORTEDLY OCCURED IN THE RECENT STRIKE IN THE RENAULT AUTO PLANT IN CORDOBA) COULD PRODUCE AN EXPLOSIVE SITUATION.

7. AS OF THE MOMENT, THE VIDELA GOVERNMENT APPEARS TO BE HANGING TOUGH AFTER MAKING ITS INITIAL RETREAT ON THE "FLEXIBILITY" ISSUE FOR STATE CORPORATIONS. MARTINEZ DE HOZ ISSUED A COMMUNIQUE AFTER TALKING TO VIDELA LAST NIGHT ANNOUNCING THAT 40 PERCENT WAS AS FAR AS THE GOVERNMENT PLANNED TO GO AT THIS POINT AND REMINDING THE PUBLIC OF THE STRINGENT ANTI STRIKE LAWS IN EFFECT. THE RAILROAD ENTERPRISE ALSO BEGAN LAST NIGHT TO ISSUE DISMISSAL NOTICES TO ITS STRIKING WORKERS. YET, IT IS EVIDENT THAT MARTINEZ DE HOZ, WITH THE 40 PERCENT DECISION, HAS RETREATED FROM HIS PREVIOUS POSITION ON THIS SUBJECT AND THAT THE RECENT WAGE DECISIONS WILL CAUSE SLIPPAGES IN HIS ANTI-INFLATIONARLY POLICY. PERONIST AND RADICAL PARTY POLITICIANS ALREADY ARE CROWING--PERHAPS EXAGGERATEDLY--

THAT THE GOVERNMENT'S AUTHORITY VIS-A-VIS THE PEOPLE IS BEGINNING TO BREAK DOWN. WE APPEAR TO HAVE AN ANOMALOUS SITUATION IN WHICH THE MILITARY ARE STILL ON A WAR TIME FOOTING AND THERE IS WARTIME-LIKE LABOR LEGISLATION ON THE BOOKS, BUT THE GOVERNMENT IS CONSTRAINED NOT TO PRESS THESE MEASURES TOO HARD FOR FEAR OF PRECIPITATING A WIDENING OF THE LABOR UNREST. MOREOVER, THE GOVERNMENT DOES APPEAR TO HAVE BROKEN ONE TABOO--THE RESTRICTION AGAINST COLLECTIVE BARGAINING--BY ALLOWING THE STATE ENTERPRISES TO DIALOGUE WITH THEIR RESPECTIVE UNION LEADERSHIP ON THE WAGE ISSUE.

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8. ALTHOUGH THE SITUATION IS DIFFICULT, WE BELIEVE THAT THERE ARE STILL IMPORTANT ELEMENTS OF MODERATION AT WORK. SOME LABOR LEADERS APPEAR TO BE CALLING FOR MODERATION, COUNSELING THEIR RANK AND FILE TO ACCEPT THE INCREASES WHICH HAVE BEEN OFFERED NOW AND PERMITTING THEM TO CONTINUE TALKING TO THE GOVERNMENT ABOUT FURTHER INCREASES IN THE NEAR FUTURE. WE HAVE THE SENSE THAT THE CONFLICT IS COMING TO A CLIMAX AND THAT BY LATE TODAY OR TOMORROW WE SHOULD KNOW WHETHER IN FACT THE VOICES OF MODERATION HAVE WON OUT OR WHETHER WE WILL CONTINUE TO HEAD IN THE DIRECTION OF A GENERAL STRIKE. ACCORDING TO UNCONFIRMED LATE AFTERNOON PRESS REPORTS, TRAIN AND SUBWAY SERVICE APPEARS TO BE BEGINNING TO NORMALIZE.  
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## Message Attributes

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